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**From:**

**Sent:** 9/3/2008

**To:**

**Cc:**

**Subject:** re: fuel mix

The taxpayer is blending 50% dyed diesel and 50% "chicken parts". If the resulting fuel is diesel fuel (any liquid that without further processing or blending is suitable for use as a fuel in a diesel-powered highway vehicle or train), then they should (1) register as a blender because they are producing blended taxable fuel, (2) use mechanical injection (because don't meet the 80% rule of Notice 2005-80), and (3) pay LUST on the increased volume. They are not entitled to a credit.

If the resulting fuel is not diesel fuel (either because the "chicken parts" wouldn't work with the diesel-powered highway vehicle engine or the resulting fuel meets one of the definitions of "excluded liquid"), then they don't need to do any of the above.

Hope this answers your question.

Thanks,